

Message Text

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PAGE 01 SEOUL 04970 130624Z
ACTION EA-12

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 L-03 H-01 PA-01 DOE-15 SOE-02
AGRE-00 /138 W

-----038143 130629Z /17

R 130542Z JUN 78
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 1599
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY PARIS
AMEMBASSY RANGOON
AMEMBASSY SINGAPORE
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
USMISSION GENEVA

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PARIS FOR USOECD; GENEVA FOR USDEL MTN

E.O. 11652: N/A
TAGS: EFIN, EAID, ETRD, JA, KS
SUBJ: UNTYING OF JAPANESE AID TO KOREA

REF: A) STATE 131106 (NOTAL); B) TOKYO 9887 (NOTAL)

1. IN MEETING WITH EMBOFF ON JUNE 12, TCHAH HWA-JUNE
(DIRECTOR, BUREAU OF ECONOMIC COOPERATION, ECONOMIC PLANNING
BOARD) CONFIRMED GIST OF REF B REGARDING JAPANESE-KOREAN
AID AGREEMENT THIS YEAR. JAPAN WILL SUPPLY KOREA WITH \$93
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MILLION IN UNITED LOANS, OF WHICH \$63 MILLION IS DESTINED
FOR AGRICULTURAL DEVELOPMENT AND THE REMAINING \$30 MILLION
FOR AN EXPANSION OF HOSPITAL FACILITIES. TCHAH CONFIRMED
THAT THE ACUTUAL EXCHANGE OF NOTES AWAITS RESOLUTION OF
CERTAIN "BILATERAL ISSUES" (PRESUMABLY THE CONTINENTAL
SHELF QUESTION AS INDICATED IN REF B), BUT SEEMED CONFIDENT
THAT THE OFFICIAL GO-AHEAD WOULD BE GIVEN IN DUE COURSE.

2. WE MAY COUNT ON THE KOREANS TO BE AGGRESSIVE IN GETTING JAPAN TO UNTIE ITS AID TO THE MAXIMUM EXTENT POSSIBLE. KOREA'S TRADE DEFICIT VIS-A-VIS JAPAN--\$1.8 BILLION IN 1977, AND PROBABLY A GOOD DEAL LARGER IN 1978--IS AN EXTREMELY SORE POINT WITH THE KOREANS, AND THE JAPANESE SEEM EAGER TO MAKE A SHOW OF ALLEVIATING THE PROBLEM. ACCORDING TO TCHAH, WHO HEADED THE KOREAN DELEGATION TO THE BILATERAL AID TALKS LAST MONTH, THE INITIATIVE FOR UNTYING THE LOANS CAME FROM THE KOREAN SIDE BUT THE JAPANESE WERE QUICK TO AGREE.

3. THE KOREANS ARE AWARE OF OUR OWN CONCERN ABOUT THE GROWING US TRADE DEFICIT VIS-A-VIS KOREA (\$700 MILLION IN 1977), AND WOULD BE PLEASED TO SEE US TAKE MAXIMUM ADVANTAGE OF THE UNTIED JAPANESE CREDITS. IT WAS AGREED IN JUNE 12 MEETING THAT THE EMBASSY WOULD KEEP IN TOUCH WITH EPB WITH A VIEW TO SUPPLYING WASHINGTON AND LOCAL US BUSINESS COMMUNITY WITH DETAILS ON GOJ-FINANCED PROJECTS AS THEY BECOME AVAILABLE. IN THE CASE OF MAJOR US EXPORT OPPORTUNITIES WE WILL ALSO, OF COURSE, CONTINUE STANDARD PRACTICE OF DROPPING INFO COPIES TO NEIGHBORING POSTS.

4. EMBASSY BELIEVES LOCAL US-AFFILIATED FIRMS WOULD BE GLAD TO RECEIVE SIMILAR REPORTS OF MAJOR PROJECT LIMITED OFFICIAL USE

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OPPORTUNITIES (GOJ FINANCED OR NOT) IN NEIGHBORING COUNTRIES.
SNEIDER

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NNN

Message Attributes

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